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CPYRGHT

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# Johnson Orders CIA to Cut Off Secret Financing

President Accepts Panel's  
 Suggestions to Withdraw  
 Support of Private Groups

CPYRGHT BY STUART H. LOORY

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WASHINGTON — President Johnson ordered the Central Intelligence Agency Wednesday to turn off its secret flow of funds to private American organizations.

The order came as the President accepted a policy recommended by the three-man committee he named last Feb. 15 to investigate the CIA's relationships with the National Student Assn. and other groups.

That investigation grew out of disclosure that the CIA had been secretly financing the international operations of the NSA and other student groups, various labor unions such as the American Newspaper Guild and other organizations.

The panel consisted of Undersecretary of State Nicholas D. Katzenbach; John W. Gardner, secretary of health, education and welfare; and CIA Director Richard Helms.

## Some Complaints Heard

The presence of Helms on the committee had led to some complaints that the President was placing the CIA in the position of investigating itself.

The Katzenbach committee recommended "that the government should promptly develop and establish a public-private mechanism to provide public funds openly for overseas activities of organizations which are adjudged deserving, in the national interest, of public support."

The President said he would give serious consideration to the recommendation. He appointed Secretary of State Dean Rusk as head of a

committee, including members—as yet unnamed—of the administration, Congress and the public, to review ways of accomplishing that objective.

The Katzenbach committee's report gave no indication of the extent to which the CIA financed private organizations over the years. But it said such support resulted from a National Security Council decision in October, 1951, which was reaffirmed by a Presidential committee on information activities abroad in December, 1960.

## Shift of Responsibility

This reference appeared designed to clear the CIA of full-scale responsibility for financing the student groups.

The policy statement accepted by the President said:

"No federal agency shall provide any covert financial assistance or support, direct or indirect, to any of the nation's educational or private voluntary organizations. This policy specifically applies to all foreign activities of such organizations and it reaffirms present policy with respect to their domestic activities. (Under its charter the CIA is forbidden to engage in domestic activities.)

"Where such support has been given, it will be terminated as quickly as possible without destroying valuable private organizations before they can seek any new means of support."

The report contains two footnotes which gave the CIA both an immed-

iate and a long-term loophole.

The immediate loophole provided that termination of existing agreements can be accomplished "largely — perhaps entirely" by next Dec. 31. That would indicate that until the end of the year at least some organizations could still be getting CIA funds.

The long-term loophole provides that in cases of national security, the CIA could continue to give secret aid to organizations provided both the secretaries of state and defense approve each individual case.

## Not Specific

At a meeting with reporters at the White House, Katzenbach was vague on just what kind of organization might still be eligible.

He did say that the number of organizations still receiving CIA funds was "miniscule" but refused to name them.

The committee suggested that a group patterned after the British Council, in which private individuals control the expenditure of government funds for information programs abroad, be established to do similar work in the United States.

Almost all the organizations with which the CIA got involved were active in combating Communist propaganda abroad and with building democratic, non-Communist institutions in underdeveloped countries.

The exact list of those organizations involved still has not been made public although Katzenbach said Wednesday that newspapers exaggerated the number in their disclosures last month.

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